

From: Allison Eckley [allison@energync.org]
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Clean Energy Insights - December

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CLEAN ENERGY

INSIGHTS



December 2017

Advocating for NC's Electric Consumers in the Duke Energy Progress Rate Case: Recap

As you know, NCSEA is actively engaged in both Duke Energy subsidiaries' rate cases to pursue issues that matter to our members and further the best interests of North Carolina electric consumers through more clean energy options. (For a recap of the Duke subsidiaries' rate increase requests, read more [on our blog](#).) NCSEA's regulatory team and our extended team of expert witnesses spent the first two weeks of the month attending the Duke Energy Progress evidentiary hearing in Raleigh, where we expressed our concerns with certain aspects of the utility's proposed 10.8% rate hike and promoted clean energy considerations in their rate structure. Below are 5 takeaways from the DEP hearing:



- 1. The proposed higher "fixed rate" will hit rooftop solar customers hard.** Duke is seeking a 26% increase for the fixed-rate "basic customer charge" imposed on every residential rate payer. NCSEA pointed out that this increase means net metering customers, including rooftop solar adopters, will pay higher bills every month – even if they have a net consumption of zero kWh. This negatively impacts the return on investment for rooftop solar, requiring longer

timeframes to recoup an investment. As others pointed out in the hearing, the proposed higher fixed rate also disproportionately impacts low-income customers. Read more on the fixed rate proposal [here](#).

2. **True grid modernization isn't included in the currently proposed rate structure.** Grid modernization – a multi-BILLION dollar issue – warrants consideration outside of the rate case. Accordingly, NCSEA asked the Commission to pull DEP's "PowerForward" grid modernization proposals out of the rate case and open a separate docket dedicated to this issue. This would enable NCSEA to argue proactively for more resilient, reliable, and advanced clean energy options for our state's future energy portfolio, rather than settling in the short-term for more buried power lines. Read more about our issues with grid modernization in the context of the rate cases [here](#).
3. **Coal ash, coal ash and more coal ash.** Unfortunately, the lion's share of discussion at the hearing circulated around coal ash – namely, how Duke will recover about \$300 million already spent on complying with new environmental rules for treatment of coal ash and \$129 million a year they want built into rates for future compliance costs. During questioning on the issue, the utility was pegged for "egregiously failing its environmental mission" and asked about its insulation from financial consequence, regardless of the outcome of Duke's lawsuits against its insurers regarding coal ash cleanup: DEP's customers will pay the costs of the litigation and coal ash cleanup, and will only receive a refund if Duke succeeds in its lawsuits. Read more about the coal ash discussions from the rate case [here](#).
4. **Duke couldn't explain why they don't have better rate design.** Put simply, Duke's current rate design is outdated, to the detriment of NC electric consumers. It especially does not encourage clean energy adoption: In addition to increasing the residential fixed rate in the rate case, DEP had proposed to reduce the price differential between on-peak and off-peak rates, which would effectively reduce the financial incentive for homeowners to embrace clean energy choices. NCSEA and our team of expert witnesses argued for better rate design that encourages continued clean energy adoption. During questioning on rate design, Duke couldn't explain why they didn't have a more innovative structure by now. Read more on why rate design is a timely issue for NC and beyond, [here](#).
5. **They will have the data. But we won't have access (yet).** DEP is seeking hundreds of millions of dollars to install smart meters and upgrade software to "help consumers more actively manage their energy consumption." The problem is, Duke wants to restrict data access to their own proprietary smart phone app, rather than allowing consumers to choose data analytics software that best meets their needs. NCSEA supports true data access that would give consumers the raw data to have more visibility into their energy usage and allow them to partner with third parties for conducting analysis. During cross examination by NCSEA at the hearing, DEP admitted that it had no plans to improve consumer access to this data or to engage stakeholders on the issue. Read more about our issues with Duke's proposed data access plans [here](#).

The NC Utilities Commission is expected to rule on Duke Energy Progress's rate proposals in February. Stay tuned to our Insights newsletters, social media and biweekly call for business members for updates in the meantime. As a reminder, the Duke Energy Carolinas rate case will pick up speed in mid-January with three public hearings and the evidentiary hearing on February 19. Read more about the hearings schedule [here](#).

USDA REAP Energy Audit Opportunity

The NC Clean Energy Technology Center (NCCETC) would like to offer NCSEA members and their customers the opportunity to participate in subsidized energy efficiency audits offered through the USDA Rural Energy for America (REAP) program. NCCETC was awarded funding for these audits in 2016, and a limited number are still available to rural small businesses and agricultural producers in North Carolina. The audits are conducted by NCCETC engineers, and can then be used to apply for USDA grant funds or loan guarantees.

The NCCETC team can also do a preliminary methane/biogas to power analysis as part of the audit for facilities that are interested in deploying this technology. Click [here](#) for details and contact NCCETC Senior Project Manager Kimberly Conley for more information. You can reach Kimberly at kjconley@ncsu.edu or 919-515-0903.

Kendeda Fund Announcement

The [Southeast Sustainable Communities Fund](#), a partnership between the Kendeda Fund and the Southeast Sustainability Directors Network, has announced investments in six communities in the Southeast to implement equitable solutions to local climate change challenges. In Buncombe County, this grant will go toward reducing peak energy demand in the winter through weatherization and energy efficient upgrades to low income households. NCSEA extends our warmest congratulations to the lead award winners, and we are honored to be involved in such an important project.

Take action: Oppose the US Senate's BEAT provision

As you are likely aware, recently the U.S. Senate passed their version of tax reform legislation. The bill, which differs from the previously-passed legislation in the U.S. House, now must be negotiated and reconciled between the two Chambers in the coming days with the goal of a final bill going to the President before Christmas. While NCSEA has not fully analyzed either bill's complete impact on clean energy, one particular provision in the Senate's tax plan is glaringly worrisome to us – and we're asking you and our fellow Business Members to join us in contacting key members of our congressional delegation TODAY to make this needed change.

The Senate version of the tax plan includes a provision called Base Erosion Anti-Abuse Tax (BEAT), which – put simply – could cut our industry off at the knees by penalizing past projects and diminishing financial incentive to invest in the future. ([Check out our blog](#) for more details.)

The BEAT provision would have a devastating impact on our clean energy industry and the many Americans it employs, particularly those in solar and wind. Please join us today in making our collective voice heard by calling on Congress to kill this harmful provision. Everything you need to take action is on [our blog](#).

Energy Storage Update

NCSEA was successful in securing over \$75,000 in private sector funds to match the public funds for North Carolina's Energy Storage Study. The first meeting of the energy storage study contributors and stakeholders was this week at NC State University's Centennial Campus.

The purpose of the meeting was to: (1) introduce the full team of NCSU researchers to the members of the energy storage industry and energy stakeholders more broadly; (2) learn about the data, modeling and questions that can be answered with what is available now and what can be done with additional data; and (3) field questions and leave with a better sense of where the study is headed. NCSEA will update its members and partners as the study unfolds.



Competitive Procurement Bidding Update

Duke Energy is planning four rounds of bids for new solar construction, largely in Western North Carolina. According to Duke's proposed plan, bids will occur over four years and seek around 2,340 megawatts of solar construction in Duke Carolinas' territory and 320 megawatts in Duke Progress territory. As a reminder, the bidding process for new solar projects is part of HB 589. For more information on Duke's proposed plan, click [here](#).

2018 CLE: Clean Energy Project Development in NC, VA, SC, & Georgia

February 6, 2018 | 9:00 am - 5:00 pm | Raleigh, NC | [Register](#)

This CLE will explore the multiple legal issues involved in renewable energy law from North Carolina, South Carolina, Georgia, and Virginia. This day-long continuing legal education program (CLE) will focus on the mechanics of renewable energy for attorneys and business professionals by examining timely subjects in each of these four states. The CLE will also include a discussion of federal clean energy topics within the NC Department of Energy and the Federal Energy Regulatory Commission.

All attendees will receive 6 general CLE credits.





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